

Albemarle County Service Authority Board of Directors

1 The Board of Directors of the Albemarle County Service Authority (ACSA)
2 met in a regular session on January 15, 2026, at 9:00 a.m. at the
3 Administration and Operations Center at 168 Spotnap Road in
4 Charlottesville, Virginia.

5 **Members Present:** Mr. Richard Armstrong; Ms. Lizbeth Palmer; Mr. John
6 Parcels; Mr. Clarence Roberts; Ms. Kimberly Swanson.

7 **Members Absent:** None.

8 **Staff Present:** Tim Brown, Mike Derdeyn, Quin Lunsford, Jeremy Lynn, Alex
9 Morrison, Emily Roach, Sabrina Seay, Danielle Trent, April Walker.

10 **Staff Absent:** None.

11 **Public Present:** Hunter Wood, United Land Corporation; Nick Short,
12 NewGen Strategies; Connor Drucis, NewGen Strategies; Mrs. Carla Tolbert,
13 Juliette Tuller; family of former Board member Charles Tolbert.

14
15 1. Call to Order and Establish a Quorum – Statement of Board Chair

16 Mr. Lunsford called the meeting to order. He then read the opening
17 Board Chair statement (Attached as Page _____), and a quorum was
18 established.

19
20 2. Election of Officers

21 Mr. Lunsford stated that he would now open the floor for nominations
22 for the office of Chair.

23 ***Ms. Palmer moved to nominate Mr. Armstrong, seconded by Mr.***
24 ***Parcells. There being no further nominations, the floor was closed for***
25 ***nominations. All members voted aye. Mr. Armstrong was elected as***
26 ***Chair.***

27 Mr. Lunsford turned the office of Chair over to Mr. Armstrong. Mr.
28 Armstrong stated that he would now open the floor for nominations for the
29 office of Vice-Chair.

30 ***Mr. Parcels moved to nominate Ms. Palmer for the office of***
31 ***Vice-Chair, seconded by Mr. Roberts. There being no further***

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1 ***nominations, the floor was closed for nominations. All members voted***
2 ***aye. Ms. Palmer was elected as Vice-Chair.***

3 Mr. Armstrong opened the floor for nominations for the office of
4 Secretary-Treasurer.

5 ***Ms. Palmer nominated the Executive Director, Quin Lunsford,***
6 ***for Secretary-Treasurer, seconded by Mr. Armstrong. There being no***
7 ***further nominations, the floor was closed for nominations. All***
8 ***members voted aye. Quin Lunsford was elected as Secretary-***
9 ***Treasurer.***

10
11 3. Recognitions – Charles Tolbert Plaque – In Memoriam; ACSA 2025
12 Employee of the Month Winners

13 Mr. Armstrong state that he wanted to begin the meeting by
14 recognizing someone who was a great friend to the ACSA, the employees,
15 the Board, and Albemarle County in general – Mr. Charles Tolbert. He stated
16 that he would read a resolution in honor of Mr. Tolbert, but he first wanted to
17 open up the floor to any Board members that wanted to say a few words.

18 Ms. Palmer stated that she has been on the Board with Mr. Tolbert
19 for four years and he contributed a lot. She stated that she enjoyed his
20 intelligence and devotion to public service. She stated that they are very
21 sorry to see him go, as she knows his family is as well, and that he was a
22 lovely man.

23 Mr. Roberts stated that when he served as Chair of the ACSA Board,
24 Mr. Tolbert was Vice-Chair. He stated that Mr. Tolbert was willing to do
25 anything he asked of him, namely serving on the Audit Committee. He
26 mentioned that Mr. Tolbert was also willing to serve as Chair in his absence.
27 He stated that Mr. Tolbert was a wonderful man and they really appreciate
28 his service as a Board member, and just him as a person. He added that
29 they are thankful for his time.

30 Mr. Parcels stated that he did not know Mr. Tolbert outside of their
31 service on the Board. He stated, however, that he does remember one

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1 particular time when they were conducting interviews for the Executive
2 Director position and he made a remark. He stated that Mr. Tolbert, very
3 diplomatically, corrected his interpretation. He stated that Mr. Tolbert's
4 insight was certainly valued and they are sorry to lose him and for the family's
5 loss as well.

6 Mr. Armstrong stated that his family has ties with Mr. Tolbert as his
7 father served on the school board with Mr. Tolbert. He stated that there were
8 so many meetings where the Board was disputing an issue and every time
9 Mr. Tolbert spoke, others would agree that it was probably the right thing to
10 do. He mentioned that he appreciated having someone that could direct the
11 Board with that type of insight. He stated that the Board appreciates Mr.
12 Tolbert's family sharing him with them and they are sorry for his loss. He
13 then read the resolution in honor of Mr. Tolbert.

14 ***Mr. Parcels moved to approve the resolution in recognition of***
15 ***Mr. Charles Tolbert; seconded by Ms. Palmer. All members voted aye.***

16 Mr. Tolbert's wife and daughter were presented with his framed
17 resolution and service plaque. His daughter stated that Mr. Tolbert loved
18 what he did, and he was happy to spend his time with the ACSA Board. She
19 thanked the Board for recognizing her father and sharing all of the kind
20 words.

21 Mr. Armstrong stated that they would now move on to the Employee
22 of the Month presentation. Ms. Roach stated that the Employee of the Month
23 program has been in place since 2023. She stated that employees are
24 nominated by their peers based on excellent job performance, promoting
25 pleasant work environments, dependability, innovation, and upholding the
26 ACSA's guiding principles. She stated that she would now show a video
27 highlighting the ACSA's Employee of the Month winners from 2025.

28 Mr. Armstrong stated that one Roach won in June and one in
29 December. He jokingly commented that the beards look the same and asked
30 if one person won twice. Ms. Roach replied that they are different people.
31 Ms. Palmer asked if all of the Roach's were related. Ms. Roach replied yes.

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1 Mr. Parcels jokingly asked if maintenance employees were required to have
2 beards. Mr. Morrison replied that while beards are not required, a lot of them
3 have them. He stated that they help out with the cold weather until the spring
4 when they have to shave them off to conduct respirator fit testing.

5
6 4. Approve Minutes of December 18, 2025

7 Ms. Palmer stated that she had one correction on page 11, line 22.
8 She stated that the word typing should be tightening.

9 ***Mr. Parcels moved to approve the minutes of December 18,***
10 ***2025; seconded by Ms. Palmer. All members voted aye.***

11
12 5. Matters from the Public

13 Hunter Wood with United Land Corporation came forward to
14 address the Board. He stated that he wanted to give the Board a heads
15 up of what they will be asking from the Board, hopefully at next month's
16 meeting. He stated that they are in the process of getting a final site plan
17 for a piece of property on Airport Road, to build contractor condos. He
18 mentioned that they have been trying to acquire an easement from the
19 UVA Foundation. He stated that they have made two proposals with no
20 response, and it does not seem that they want to cooperate. He noted that
21 the manhole is about 20 feet away from his property line. He stated that
22 they would like to ask the Board to proceed with condemnation so they
23 can get sewer. He added that they have had the property appraised and
24 done everything by the book. He stated that he spoke with Mr. Lynn about
25 it and the ACSA Board has approved their connection to the ACSA sewer
26 that is already there.

27 Ms. Palmer asked if this was a common problem. Mr. Wood
28 replied that he does not know but they have not gotten anywhere with The
29 UVA Foundation. He stated that they have had one in-person meeting and
30 several phone calls with no action.

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1 Mr. Roberts asked if United Land Corporation’s attorney has
2 spoken with the UVA Foundation’s attorney. Mr. Wood replied no. Mr.
3 Derdeyn stated that United Land Corporation’s attorney, Jim Bowling, has
4 communicated with the UVA Foundation’s attorney by letter but he does
5 not know what has happened since. Mr. Wood stated that they hired Mr.
6 Bowling to represent them and have sent letters, by hand and email, and
7 only received a response on the first one and none since.

8
9 6. Response to Public Comment

10 Mr. Armstrong stated that it is more of a legal issue and the Board
11 had no further response to public comment at the time.

12
13 7. Consent Agenda

14 ***a. Monthly Financial Reports –***

15 ***b. Monthly Capital Improvement Program (CIP) Report –*** Mr. Parcels
16 stated that under the Buckingham Circle sewer project, there was a
17 comment about getting some additional floodplain permitting. He stated that
18 he was curious about that as floodplains are pretty flat and it is a gravity-fed
19 sewer system. Mr. Lynn replied that the sewer at Buckingham Circle will
20 have to be an aerial crossing. He stated that RWSA’s interceptor is on the
21 other side of the creek and it is not below the stream level, so they will have
22 to cross above the stream. He stated that they are looking at what the
23 impacts are on the floodplain base flood elevation. Mr. Parcels asked if this
24 means they will have to use pedestals to support the crossing. Mr. Lynn
25 stated that they will have to use concrete piers on either side to support the
26 aerial sewer crossing. Mr. Parcels asked if additional engineering of the
27 floodplain bases is required when they do an aerial crossing in a floodplain
28 area. Mr. Lynn replied yes. He stated that the base structures will have to
29 be engineered by a structural engineer. He added that they are also looking
30 at casing pipe to protect the carrier pipe. He noted that they have about a
31 dozen aerial crossings in their system already. He stated that they do not

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1 prefer them, but sometimes they are unavoidable. Ms. Palmer asked if there
2 is a standard distance of how far away those structures have to be from the
3 creek or if it was just the floodplain geometry. Mr. Lynn replied that is usually
4 the floodplain geometry. He noted that they try to get them as far away as
5 possible, so they do not further introduce obstructions within the stream
6 bank.

7 ***c. CIP Project Close-outs –***

8 ***d. Monthly Maintenance Update –***

9 ***e. IT Monthly Update –***

10 ***f. Rivanna Water and Sewer Authority (RWSA) Monthly Update –*** Ms.
11 Palmer stated that she had a question about the \$2.8 million that RWSA is
12 spending on the dam repairs. She asked if there was a breakdown of how
13 those funds are being used on the different dams. Mr. Lunsford replied that
14 RWSA did provide a comprehensive list of specific things to be repaired at
15 different facilities. He stated that it was not a dollar-by-dollar breakdown, but
16 he is happy to share it with the Board.

17 Mr. Parcels stated that he had the impression that the major problem
18 at the Beaver Creek Dam was the spillway and not the dam itself. He asked
19 if the dam has to be replaced. Mr. Lunsford stated that the detailed
20 information will show that a lot of the repairs are related to stairs, railings,
21 and things that one might not necessarily think of as the dam. Ms. Palmer
22 stated that Beaver Creek is a much bigger project. Mr. Lunsford replied yes.
23 He stated that Beaver Creek Dam will be replaced with a new labyrinth dam
24 and a new pump station. He stated that it is a major RWSA project that will
25 be scheduled for the next five years. Ms. Palmer stated that the project has
26 to do with the change in the regulations from the State with respect to flood
27 control. Mr. Parcels stated that it seems like the language moved back and
28 forth between replacing the dam and the spillway.

29 ***g. ACSA Board Policy Future Issues Agenda 2025***

30 ***h. Annual Conservation Report –*** Ms. Palmer stated that it does not seem
31 like a lot of carwashes are part of the certification program and asked what

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1 was going on. Tim Brown, Environmental Compliance Supervisor, came
2 forward to address the Board. He stated that, in summary, the carwash
3 certification program has been in limbo for several years. He stated that
4 they are recognizing some tweaks that need to be made to the ACSA's
5 Rules and Regulations, so the Board will see some recommendations to
6 Section 18 in June. He stated that one thing that will not be recommended
7 for change is the requirement that a carwash be certified to remain open if
8 they ever reach a drought warning phase. He mentioned that they are up to
9 14 carwashes in their jurisdiction with 11 in the Urban area, 2 in Crozet, and
10 1 in Scottsville. He noted that there are three different designs for the
11 carwashes – conveyer belt, in-bay, and self-serve. He stated that the
12 biggest challenge seems to be with the in-bay design, which is 9 of the 14
13 carwashes. He stated that they need to tweak the maximum amount of fresh
14 water used for certification status. He stated that it is difficult to confirm
15 certification status by one vehicle. He mentioned that multiple vehicles will
16 need to be monitored to get an average amount of water use per vehicle.
17 He noted that they have looked at the programs of other municipalities like
18 Spotsylvania County and may make changes based on that data. He stated
19 that he and Mr. Lynn will likely be giving a presentation to the Board in the
20 spring, and they will likely see many more carwashes certified. Ms. Palmer
21 stated that there are a lot more laser carwashes and a lot of changes in the
22 way carwashes work than when the program began. Mr. Brown stated that
23 clearly their main expense is water, so they recognize the need to conserve.
24 He added that they want to maintain this program and have a clear list of
25 certified vs. noncertified as they keep an eye on rainfall and snowmelt
26 amounts, and whether they will enter the spring with any water deficit. Ms.
27 Palmer stated that even if the carwashes are using less water, from a public
28 relations perspective, if there is a drought and cars are being washed,
29 people get upset and complain to their local representatives.

30 ***Ms. Palmer moved to approve the consent agenda, seconded by***
31 ***Mr. Parcels. All members voted aye.***

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8. FY 2027 Water and Rate Analysis – Overview

Ms. Roach stated that Nick Short and Connor Drucis from NewGen Strategies & Solutions were present at the meeting today. She stated that in September, the ACSA advertised a Request for Proposals to review their rate setting methodology, which they do every five years. She stated that NewGen would provide an overview of their services and project approach, followed by an opportunity for dialogue with the Board regarding implementing the rate study. She mentioned that the ACSA has been meeting regularly with RWSA and the City of Charlottesville regarding their CIP and operating budget. She noted that those preliminary figures have been incorporated into the presentation today (Attached as Pages_____). She added that the ACSA is currently beginning to work on its CIP and operating budgets.

Nick Short, Senior Consultant with NewGen, came forward to address the Board. He stated that they would be presenting their rate study findings from the water and sewer rate analysis they conducted. He stated that he wanted to emphasize that these are preliminary findings, which are subject to change based on updated data, recommendations from the Board, and/or changes to any debt funding of capital projects.

Mr. Short stated that, in terms of the presentation agenda for today, he would be reviewing a few of their study assumptions and some key objectives, and policy that they try to follow throughout the rate study. He stated that he would also briefly discuss some of the revenue requirements and how they work. He mentioned that he would then pass the presentation off to his colleague, Connor, to discuss the current charges, talk more in-depth about the study itself, and give some next steps as well.

Mr. Short stated that the next slide illustrates some business fundamentals that they try and focus on throughout rate studies. He stated that revenue sufficiency essentially means that revenues should be covering or exceeding expenses or the costs to run the system. He stated that the

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1 second one, growth pays for growth, is important for any additional new
2 customers added to the system. He stated that any infrastructure added to
3 the system to handle the increased capacity should be funded through
4 growth. He stated that thirdly is funding reserves to an adequate degree. He
5 stated that the ACSA has three separate reserves with a cumulative total of
6 270 days cash on hand being the goal. He mentioned that the operating
7 reserve is great for rainy day expenses. He stated that the final fundamental
8 would be any additional reinvestments for the repair or replacement of
9 infrastructure.

10 Mr. Short moved to the next slide to discuss some factors affecting
11 the ACSA's specific rates and charges. He stated that the first is operating
12 and maintenance expense changes. He noted that one of the largest drivers
13 of the study itself is the purchase of water and sewer treatment expenses
14 from RWSA. He stated that the increases per year are 15.5% for water and
15 12.5% for sewer. He stated that they are also estimating a 5.5% escalation
16 rate per year for labor, and an additional 3% escalation rate per year for other
17 expenses.

18 Mr. Short stated that currently, the ACSA's CIP and any debt service
19 could potentially affect the rates and charges as well. He stated that
20 customers are showing a 2% increase per year and the water usage and
21 sewer generation shows a 1.5% increase per year. He noted that the water
22 usage and sewer generation lags behind the customer growth because
23 family sizes are smaller and there is more efficiency with low-flow fixtures.

24 Mr. Short stated that they have not seen much in regard to
25 miscellaneous revenue changes. He stated that these would be things like
26 inspection fees, FOG permits, and plan review fees. He added, as he
27 mentioned before, that it is important to ensure the ACSA is hitting the
28 reserve targets. He stated that the metric they are looking at is a cumulative
29 270 days cash on hand.

30 Mr. Parcels stated that although any changes to miscellaneous
31 revenue would be rather small, those ancillary fees have increased twice in

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1 the last five years. He stated that he would assume they would do so again
2 in the next five years. He asked if they are insignificant enough that they do
3 not factor in here. Mr. Short replied that they are fairly insignificant and they
4 try to project them out as conservatively as possible. He stated that they are
5 not leaning on those fees to show any additional revenue.

6 Ms. Palmer asked at what point does the ACSA look at the rental
7 income to make sure it is up to date. Mr. Lunsford replied that they do that
8 annually. He stated that it is about \$12,000 a year, which is rather
9 insignificant to the study, but they do look at it every year. He added that, for
10 purposes of the rate model, keeping the insignificant factors constant helps
11 to remove noise and focus on the really important areas.

12 Mr. Roberts stated that the slide shows the 2% increase in customers
13 is based on historical trends. He asked how many years back do they look
14 to determine that percentage. Mr. Short replied that it is based on the data
15 they are provided. He stated that it is roughly between 5-10 years. He
16 mentioned that they also speak with staff and if there is knowledge of a
17 potential development being added to the community, they try to factor that
18 into the future as well.

19 Ms. Swanson stated that she assumes the County has done studies
20 on population growth. She asked if that gets pulled into the rate study also.
21 Mr. Lunsford replied that it has not. He stated that they use the ACSA's
22 historical information to make some pretty conservative estimates in the rate
23 model. He noted that it is very difficult to time when new development will
24 connect and when the ACSA will recognize that revenue. He stated that they
25 want to have a high-level view of what is reasonable and not get too specific
26 on things that can be impacted by the economy through different factors that
27 may speed up or slow down.

28 Mr. Short stated that the next slide switches to the rates side of
29 things, diagramming the relationship between user rates and system
30 development/capacity charges. He stated that there are two types of costs,
31 the first being operating expenses which must be funded through user rates.

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1 He stated that that the second is capital expenses, which are a bit different
2 because there are two types – system maintenance and system expansion.
3 He mentioned that system maintenance refers to non-growth expenses such
4 as the repair and replacement of smaller assets, while system expansion
5 refers to growth, such as adding infrastructure. He stated that the non-
6 growth-related capital expenses will be funded through cash and debt from
7 user rates. He stated that cash and debt funded by growth will be funded
8 through system development and capacity charges. He added that if the
9 system development and RWSA capacity charges are set at less than cost
10 or anticipated growth does not occur, the existing customers will have to
11 make up the difference through higher user rates. He noted that it is
12 important to ensure that adequate fees are being charged on the user rate
13 side and the capacity side.

14 Mr. Short stated that, finally, he would review the revenue
15 requirement illustrated on the next slide. He stated that the annual revenue
16 requirement is made up of a few different factors including operating and
17 maintenance expenses, current debt service, any additional cash funded
18 capital projects, new debt service, and reserve contributions. He stated that
19 all of these different elements make up the annual cost it takes to run the
20 system. He stated that he would now turn the presentation over to his
21 colleague.

22 Connor Drucis came forward to give the second half of the
23 presentation. He stated that he would be taking the Board behind the
24 numbers in the study. He stated that he would first go over the current O&M
25 expenses shown on the next slide. He stated that each of the pie charts show
26 the current breakdown of expenses for water and sewer, and they are broken
27 down into categories similar to the current budget. He mentioned that the
28 largest cost on both pie charts is the purchase of water on the water side,
29 and the purchase of sewer treatment on the sewer side. He noted that the
30 RWSA expenses do include non-growth debt but not growth-related debt,
31 which he would show on a different slide coming up.

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1 Mr. Drucis stated that the next slide takes the current O&M expenses
2 and forecasts them forward five years. He stated that a big driver of the bar
3 graphs getting larger is the purchase of water on the water side, and the
4 treatment of sewer on the sewer side.

5 Mr. Drucis moved to the next slide, showing a bar graph of the
6 ACSA's current debt service. He stated that it is only on the sewer side and
7 is a single 2010 bond that is 90% growth and 10% non-growth. He noted that
8 the bond will be exhausted in 2031.

9 Mr. Drucis stated that the bar graphs on the next slide show the
10 ACSA's planned capital projects for the next five years. He mentioned that
11 on the water side, most of the capital projects are non-growth related and
12 mainly made up of main replacements, with an average of about \$10 million
13 per year. He stated that on the sewer side, most of the projects are growth-
14 related due to the expansion of the system, with an average of about \$7.5
15 million per year over the five-year planning period.

16 Mr. Drucis moved to the next slide which showed a table of the water
17 system development and RWSA capacity charge cash flow. He stated that
18 these are the growth-related expenses compared to the revenues. He noted
19 that at the top of the slide is the system development/capacity charge
20 revenue. He stated that in the current year, the system is projected to bring
21 in \$4.8 million, which is based off of 647 ERCs (equivalent residential
22 connections). He mentioned that they are remaining conservative for future
23 projections, using the previous five-year average of 550 ERCs per year. He
24 stated that these revenues are calculated with the current fees and not
25 assuming any rate increases, to show the baseline. He stated that these
26 projected revenues are compared against the projected growth-related
27 expenses. He noted that on the water side, the big driver is the growth-
28 related portion of RWSA's debt service. He stated that there are also some
29 cash-funded capital projects as well. He added that based on the current
30 rates, there is a projected shortfall, which will dwindle cash balances, and
31 the shortfall will need to be made up by water rates.

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1 Mr. Drucis stated that the next slide was the same chart for the sewer
2 fund. He stated that, again, the revenues for this year are slightly higher
3 because there are 644 new ERCs projected. He stated that it drops and is
4 tied to the previous five-year average, which is 540 ERCs. He stated that
5 these revenues do not cover the growth-related expenses. He mentioned
6 that the big drivers behind those expenses are cash-funded capital projects,
7 most of which are growth-related and the RWSA growth-related debt service.
8 He added that there are projected shortfalls with sewer as well, which will
9 dwindle cash balances, and the shortfalls will need to be made up by sewer
10 rates.

11 Mr. Drucis moved to the next slide, showing the revenue requirement
12 slide for water. He stated that these are the non-growth-related expenses.
13 He mentioned that if growth-related rates, which would be the system
14 development and RWSA capacity charges, do not make up the growth-
15 related expenses, this slide would show a shortfall. He stated that, beginning
16 at the top of the slide, operating expenses were escalated at the previous
17 rates. He noted that the purchase of water is a big driver of these costs, and
18 that charge has almost doubled in the five-year period shown, as well as the
19 cash-funded capital projects. He stated that this chart does not assume any
20 debt funding of the CIP and is just a baseline. He mentioned that they will
21 come back with revised numbers. He added that the numbers on the chart
22 add up to the total revenue requirement, less any other miscellaneous
23 revenues, to get the net revenue requirement. He stated that the net revenue
24 requirement is what they will try to cover with projected rates and fees, with
25 a balance of cash if needed.

26 Mr. Drucis stated that the next slide is the table he just showed the
27 Board, but in graphical form. He noted that the current revenue is not
28 meeting operating costs, which is driven by the purchase of water from
29 RWSA. He stated that with debt funding and possibly reevaluating the
30 system development and capacity charges, these peaks can definitely be

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1 shaved down. He added that hopefully some other numbers from RWSA
2 may come back slightly lower than budgeted.

3 Mr. Parcels asked if the current revenue in the chart was just for
4 water. Mr. Drucis replied that it just showed the current water revenue at the
5 current rates. Mr. Parcels stated that it does not include any of the non-
6 operating revenue, so to speak. Mr. Drucis stated that the non-operating
7 revenues are removed from the total revenue requirement, so they would be
8 captured in the net revenue requirement line.

9 Mr. Drucis stated that the next slide showed the revenue
10 requirements for sewer. He noted that a big driver of these costs increasing
11 over the next five years is the purchase of sewer treatment from RWSA. He
12 noted that there are less cash-funded capital projects on this slide because
13 these are the non-growth capital projects. He stated that the growth-related
14 capital projects were captured in the previous sewer cashflow slide. He
15 mentioned that miscellaneous revenues are removed from total expenses to
16 arrive at the net revenue requirement.

17 Mr. Drucis moved to the next slide, stating that it was a graphical
18 representation of the previous slide. He stated that in year one, which is FY
19 2027, the current revenue does not cover costs, assuming rates are held
20 constant.

21 Mr. Parcels stated that his takeaway from the sum of the two things
22 is that they are going from \$50 million to over \$100 million five years later,
23 which is 20% per year. He stated that it is a huge jump, and he does not
24 remember it being quite that bad. Ms. Palmer asked, on that note, how far
25 RWSA is projecting their debt service. Mr. Lunsford replied that RWSA has
26 a 5, 10, and 15-year CIP plan. He stated that past year 5, things are very
27 speculative, so they are very focused on the 5-year plan. He mentioned that
28 the information that NewGen has used in today's presentation is data that
29 was provided to the ACSA in November and December. He noted that at
30 the time, RWSA was projecting about a 24% increase to the ACSA in FY
31 2027. Mr. Parcels stated that this is way more than last year. Mr. Lunsford

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1 stated that last year, there was a 20% increase projected for FY 2026. He
2 stated that ACSA staff met with RWSA yesterday and their new draft
3 proposal is estimating about a 16% increase to the ACSA in FY 2027. He
4 added that it is not quite as drastic, but still incredibly impactful.

5 Ms. Palmer stated that the timing of the water supply plan and
6 implementation of the very expensive pipeline was based on the RWSA's
7 debt service curve, going out ten years. She stated that they were trying to
8 time it to hit where the curve started to go down on the graph. She asked
9 what that graph looks like after 2030. Mr. Lunsford replied that they have
10 been provided with that graph and have asked for some changes and
11 different presentations of it. He stated that he thinks it is going to be important
12 for the ACSA Board to see what that looks like. He noted that the drop in the
13 curve has not really happened yet, and there are a number of contributing
14 factors such as new needs. Ms. Palmer added that the pump station flooding
15 was a factor. Mr. Lunsford stated that the Beaver Creek Dam is a great
16 example. Ms. Palmer asked if RWSA still had the grant money for that
17 project. Mr. Lunsford replied that they still expect the grant to come through.
18 He mentioned, however, that the project was estimated to be about \$20
19 million five years ago, and it is currently at \$79 million. He stated that they
20 would present the debt information to the ACSA Board, but the slope is
21 increasing.

22 Ms. Palmer stated that she also wants to see the math for the
23 different components of the connection charges, not just the graphs but the
24 actual math.

25 Mr. Drucis stated that the next slide outlined an overview of the
26 ACSA's current reserves policy. He stated that there is an operating and
27 maintenance (O&M) reserve, which holds unrestricted funds used for
28 different things such as a cash-funded project or unplanned minor repairs.
29 He stated that the repair, renewal, and replacement (3R) reserve, which is
30 used to fund unexpected major repairs and planned replacement or
31 rehabilitation of system assets. He stated that the last reserve is the

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1 capacity/system development reserve which holds the growth-related fee
2 revenue to help cover growth-related expenses in the future. He added that
3 the combined reserves goal is to maintain a minimum cash-on-hand balance
4 of 270 days across all three reserves.

5 Mr. Drucis moved to the next slide which showed the current charges
6 and structure of the fee system. He stated that the monthly service charge
7 varies and increases by meter size due to the difference in demand. He
8 noted that other systems in the region have increased these a lot to keep
9 revenues stable, although that practice goes against affordability goals. He
10 stated that volume charges on the water size is a four-tier inclining block
11 variable rate. He mentioned that the price goes up with each tier. He stated
12 that this not only sends a pricing signal to high users, but it also subsidizes
13 the lower tiers and keeps it affordable for small users. He stated that the
14 multi-family and non-residential users pay the second-tier rate. He stated
15 that on the sewer side, there is a flat, universal rate for all users and system
16 development and RWSA capacity charges are charged per ERC. Ms.
17 Swanson asked if non-residential included commercial users. Mr. Lunsford
18 replied yes. He stated that it would commercial, institutional, and industrial
19 users.

20 Mr. Drucis stated that the last slide outlined next steps, the first of
21 which is to verify and refine revenue requirements. He stated that NewGen
22 would review the RWSA costs, look at different scenarios of cash vs. debt
23 funding the ACSA's CIP, and ensure reserve targets are reasonable and
24 met. He stated that they would then develop rate recommendations. He
25 added that they are also currently evaluating the system development and
26 capacity charges, as well as the miscellaneous fees.

27 Ms. Palmer stated that, as she remembers, there are different ways
28 to calculate the system development/connection fees. She stated that she
29 would like to see the different ways to do so, along with the math that the
30 ACSA is currently using. Mr. Drucis stated that this is definitely a follow-up
31 item that they can provide.

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1 Mr. Parcels asked if they would also be looking at the tiered rate
2 structure for the water volume charge as well, or if it was a standard that they
3 were going to use going forward. He stated that he asked last year if this was
4 something that needed to be reconsidered. Mr. Drucis stated that, from an
5 industry perspective, if the goals are to send conservation signals to higher
6 users and promote affordability, the tiered structure is the best to do so. He
7 stated that the differentials between the tiers are reasonable and in line with
8 what they see from a benchmarking perspective. He added that the increase
9 by meter size is standard as well.

10 Mr. Lunsford stated that last summer, the ACSA had Davenport &
11 Co. provide a presentation on different financial projections and plans. He
12 stated that Davenport, NewGen, and the ACSA are working together as they
13 continue to build the rate model and present options to the Board for
14 consideration. He stated that he thinks the data will show that they have
15 reached the point where the ACSA will need to finance some of its CIP
16 projects to help spread the payment on those. He mentioned that they are
17 scheduled for a follow-up presentation from NewGen in February with more
18 solidified numbers and a little more direction. He added that they will
19 incorporate some of the information the Board has requested today as well.
20 He stated that today’s presentation was an overview of where they are right
21 now and what they really need to consider over the course of the next 5-10
22 years.

23 Ms. Palmer stated that she would like to have a copy of the rate
24 setting methodology manual. Mr. Lunsford stated that he would provide the
25 Board with a copy.

26
27 9. ACSA Website Utilization & Social Media Update

28 Ms. Walker stated that today’s presentation would be a snapshot of
29 the ACSA’s website and social media performance for calendar year 2025
30 (Attached as Pages_____). She stated that they are able to record the
31 trends seen in the presentation based off of Google analytics for the website

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1 and Meta analytics for the social media accounts. She stated that the first
2 slide shows a list of the ACSA’s followers currently on the various platforms.
3 She stated that looking at the websites performance, there were 77,000
4 visitors by the end of 2025. Mr. Parcels asked if it cost the ACSA to maintain
5 a presence on Instagram and Facebook. Ms. Walker replied that there is no
6 cost, aside from the analytics portion. She stated that otherwise, unless they
7 sponsor a post, there is no cost. She stated that an emergency in the last
8 month of the year contributed to an increase of 74,000 new users.

9 Ms. Walker moved to the next slide and stated that, on average, the
10 ACSA website receives 2,179 visitors per month which shows steady and
11 consistent engagement with the website. She stated that during the boil
12 water advisory, there were 7,341 website visits December 24-26. She noted
13 that this shows that customers know where to go for information in the event
14 of an emergency.

15 Ms. Walker stated that a major driver of the ACSA’s website traffic
16 continues to be bill payment, as shown on the web page performance
17 breakdown on the next slide. She stated that this has historically been the
18 primary reason people visit the site. She noted that in 2025, the bill payment
19 page received more than 85,000 views, only second to the home page.

20 Ms. Walker stated that the graph on the next slide shows how
21 customers are getting to the website. She stated that Google remains the
22 primary source customer use to get to the website. She mentioned that
23 Facebook referred 4,700 customers to the website and Paymentus referred
24 27,000, but Google is the number one source, so it is important to keep that
25 information accurate.

26 Ms. Walker stated that the next slide shows the ACSA’s Facebook
27 trends. She stated that they ended the year with 1,477 followers which was
28 an increase of 252 followers since 2024. She noted that between December
29 9, 2025, and January 5, 2026, the ACSA gained 149 Facebook followers
30 due to the emergency. She noted that 11 of those followers unfollowed the

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1 ACSA after the emergency. She stated, again, that this shows that
2 customers know where to look for information during an emergency.

3 Ms. Walker moved to the next slide and pointed out that the ACSA's
4 Instagram trends were similar to Facebook. She stated that they ended the
5 year with 533 followers, which was 66 more than last year. She mentioned
6 that page visits and engagement consistently trend. She stated that page
7 visits remain steady under normal conditions with spikes during
8 emergencies. She noted that the largest spikes and views occurred during
9 the boil water emergency, confirming that the ACSA's social media
10 channels are critical tools for emergency communication. She stated that
11 content interactions, such as liking or sharing a post, remain steady
12 throughout the year with the highest increase during emergencies. She
13 noted that outside of emergency communication, the most liked and
14 consistently high-performing posts are the employee of the month features.
15 She added that this shows their audience responds well to human interest
16 posts.

17 Ms. Walker stated that the analytics also provide valuable insight into
18 who the ACSA's audience is, as shown in the audience demographics on
19 the next slide. She stated that on Instagram and Facebook, their audience
20 is primarily female and the largest age group engaging in the ACSA's
21 content is 35-44 years old. She mentioned that this information is extremely
22 helpful in marketing and any campaigns.

23 Ms. Walker stated that overall, the data clearly shows that the ACSA
24 website remains a primary hub for customer service needs, especially bill
25 payment. She stated that both the website and social media platforms are
26 critical communication tools, and the engagement is steady year-round with
27 increases when timely and relevant information is shared.

28 Mr. Parcels stated that he thinks these analytics are very helpful in
29 terms of driving the ACSA's efforts. Ms. Swanson asked how many
30 customers the ACSA has in its system. Mr. Lunsford replied that there are
31 23,800 connections. Ms. Swanson stated that we have 23,800 connections

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1 but the website had 85,000 visits to the bill pay page on the website. Ms.
2 Walker replied that some customers may pay a few months at a time or
3 have the link saved so they do not have to click on it every month. She
4 added that not all customers use the website to pay their bill.

5 Mr. Armstrong asked how the ACSA responds to comments on
6 Facebook, particularly when there are emergencies and there may be bad
7 press surrounding it. He asked if there was someone dedicated to handling
8 those responses. Ms. Walker replied yes. She stated that typical campaigns
9 are handled by the ACSA’s marketing firm. She mentioned that emergency
10 posts are handled internally. She stated that standby maintenance
11 personnel can contact their supervisor, who will post if it is an after-hours
12 emergency. She noted that boil water notices, posts, and comments were
13 handled by the ACSA Lead Team.

14 Mr. Lunsford added that the ACSA received quite a few likes,
15 comments, and notes of appreciation for the Lead Team being available on
16 Christmas Eve during the boil water notice. Mr. Armstrong thanked them as
17 well.

18

19 10. 2025 Annual Report – Accomplishments and Challenges

20 Mr. Lunsford stated that he is pleased to share a recap of calendar
21 year 2025 and some of the accomplishments. He stated that he would not
22 go into great detail but wanted to capture some of the major strategic
23 priorities that they were able to accomplish.

24 Mr. Lunsford stated that first and foremost, the ACSA continues to
25 provide safe, clean, and reliable water and wastewater treatment to its
26 customers, which will remain a focus in perpetuity. He stated that as they
27 enter the fourth year of the five-year strategic plan, they remain focused on
28 the four main theme areas.

29 Mr. Lunsford stated that they wanted to show some of the Board
30 policy issues that the Board provided direction for and helped to resolve. He

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1 stated that they encompass all of the different policies and initiatives that
2 helped the staff to further enable the strategic process.

3 Mr. Lunsford stated that the ACSA strives to provide the Board and
4 the public with informative overviews of what they are working on every day
5 at a transactional and strategic level. He stated that slides five and six list
6 some of the different presentations that were provided to the Board over the
7 last year.

8 Mr. Parcels stated that there had been communication with a
9 customer unhappy with the water quality back in November. He asked if
10 there was any follow-up with that, or if it ended up on any posting. Mr. Lynn
11 stated that a customer posted on the Next Door app about some water
12 quality issues. He stated that they attempted to communicate with that
13 customer and shared some information with them. He stated that, in
14 conjunction with RWSA, they had some follow-up testing done from a fire
15 hydrant in close proximity to their house. He stated that they shared that
16 information as well but have not heard anything from the customer. Mr.
17 Parcels asked if they shared the information directly with the customer or
18 publicly like Facebook. Mr. Lynn replied that they shared the information
19 directly with the customer through email. He added that those customers
20 that contacted the ACSA from the initial post, were also provided with similar
21 responses. He noted that they did receive some feedback from those
22 people, thanking them for sharing the information. He stated that he
23 believes they have closed the loop on that issue.

24 Mr. Lunsford stated that the next few slides show some of the 2025
25 successes and accomplishments, broken down by department. He stated
26 that the list is pretty long, but he wanted to highlight a few key areas. He
27 stated that he would begin with the human resources and administration,
28 and finance departments. He mentioned that there were many
29 advancements made in the employee and customer experience such as
30 reinstating quarterly training sessions for employees, procurement of a
31 new CIS system, continued recognition of employees through the Employee

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1 of the Month program, and participation in a number of events. Mr. Parcels
2 asked how RiverFest event and if it raised any awareness. Ms. Roach
3 replied that the ACSA collaborates with multiple partners for RiverFest, as
4 it is one of the bigger events. She stated that the kickoff coordination
5 meeting will take place in February. She mentioned that each partner has a
6 table at the event, and there is a lot of conversation with the event
7 attendees. Mr. Parcels asked how many years the ACSA has been
8 participating in RiverFest. Ms. Roach replied that she believes this is the
9 fourth year. She mentioned that initially, the ACSA partnered with the City
10 for Fix-A-Leak week, including the 5k family event. She stated that others
11 wanted to start participating, so they created the RiverFest, which is held at
12 the Rivanna River Company. She stated that it is a fun event with music,
13 speakers, and activities for children and families.

14 Mr. Parcels asked, with regard to safety, if they keep track of the
15 Occupational Safety and Health Administration (OSHA) recordables such
16 as loss time and other things, and how that has been going in terms of a
17 trend over the year. Ms. Roach replied that it has been fairly steady. She
18 stated that the ACSA's recordables over the past three years remain at
19 seven each year. She noted that there will be a voluntary inspection next
20 week with Virginia Occupational Safety and Health (VOSH), who will be
21 onsite and at some of the project sites. Mr. Parcels asked if VOSH has ever
22 made an unannounced visit. Ms. Roach replied that they have not done so
23 during her time at the ACSA. She stated that the ACSA may be on their list
24 soon, but they have hired a new Safety Supervisor and are working them
25 and VOSH for their Challenge Program. She added that there are many
26 steps to that, which will be shared with the Board in the future.

27 Mr. Lunsford stated that there are many accomplishments to share
28 within the engineering department, but he wanted to focus on some of the
29 progress made in business continuity. He stated that they completed a
30 facilities conditions assessment, a risk and resilience assessment, helped
31 to manage the Avon Operations Center, which is a major project for the

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1 ACSA, as well as started and completed multiple water main replacement
2 projects during the calendar year.

3 Mr. Lunsford stated that there are a number of different items listed
4 for the information technology group. He stated that from a data optimization
5 perspective, which is one of the four themes of the Strategic Plan, there
6 have been enhancements to the reporting, analysis, and dashboarding of
7 information. He mentioned that this was made possible mostly by the
8 onboarding of a new position, Utility Data Analyst. He stated that the Utility
9 Data Analyst is working with multiple departments to ensure that decision
10 makers and users have the information they need to make informed
11 decisions. He stated that there was also progress made in business
12 resilience such as maintaining and updating IT infrastructure and enhanced
13 utilization of a help desk ticket platform for prompt response to users
14 needing assistance. He mentioned that there were also upgrades to the
15 ACSA's networks, website, and phone system which were major initiatives
16 that have been helpful to customers. He added that there were a number of
17 improvement-related upgrades to the SCADA system and security systems
18 at the various facilities.

19 Mr. Lunsford stated that within the maintenance department, there
20 has been considerable improvement in system resiliency with the
21 construction and oversight of various water main projects. He stated that
22 additional permanent standby generators were installed, and collaboration
23 with community partners was a major success, notably with VDOT. He
24 mentioned that the ACSA was able to coordinate with them and do some
25 work in front of roadwork VDOT had planned to minimize disruption and
26 maximize efficiency. He mentioned that there have been improvements to
27 the ACSA's fleet, highlighted by the replacement of an aged flush truck. He
28 added that maintenance has also done a nice job of using data collected
29 through CMMS and other areas to make informed decisions on preventative
30 maintenance.

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1 Mr. Parcels asked what a Wet Well Wizard is. Mr. Morrison replied
2 that it is a patented aeration device that the ACSA will be installing in North
3 Fork and Camelot to reduce the bioxide demand for pretreatment. He stated
4 that this is to prevent the sewer going septic, because there is not enough
5 inflow into those pump stations until a full build-out occurs. Mr. Parcels
6 asked if they actually do pretreatment at those facilities. Mr. Morrison stated
7 that they treat it with bioxide which reduces hydrogen sulfide formation. He
8 mentioned that bioxide is expensive, so the Wet Well Wizard is a system
9 that they have researched and demoed, and feel will be effective. Mr.
10 Parcels asked if the bioxide is a solid material that goes into the wet well.
11 Mr. Morrison replied that it is a liquid. Mr. Lynn stated that they can provide
12 Mr. Parcels with a safety data sheet (SDS) for bioxide. He added that there
13 is a tank at the site and it continually drips the liquid into the wet well to
14 absorb the odor.

15 Ms. Palmer stated that she was not aware the ACSA was treating
16 the sewer. She asked if this has anything to do with the old treatment facility
17 the ACSA received from Wendell Wood a very long time ago. Mr. Morrison
18 asked if she was referring to the Camelot wastewater treatment facility. Ms.
19 Palmer replied yes. Mr. Morrison stated that the facility she is speaking of
20 was demolished when the Camelot Pump Station and the North Fork
21 Regional Pump Station were constructed. He stated that he calls it
22 treatment, but it is just the introduction of a liquid form of bioxide to change
23 the chemical makeup of the sewer and reduce the formation of hydrogen
24 sulfide. Ms. Palmer confirmed that it is just a pump station. Mr. Morrison
25 replied yes. He stated that the Camelot Pump Station collects north of the
26 river and pumps directly into the North Fork Regional Pump Station wet well
27 on the south side. He stated that the North Fork Pump Station collects from
28 Camelot and everything south of the river and pumps it to near the hospital
29 on Proffit Road. Ms. Palmer stated that she would get with Mr. Morrison
30 after the meeting, as she was a bit confused on where the structure is
31 located.

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1 Ms. Swanson asked if the ACSA had to do some big, major study on
2 odor to obtain the Wet Well Wizard, like they did when RWSA was trying to
3 move their pump station back onto their property. Mr. Lynn stated that they
4 turned the pump station on and two days later, they began getting inundated
5 with phone calls from Forest Lakes residents. He stated that they had to
6 quickly implement an odor control system at the pump station. He stated
7 that they currently pay per gallon for the bioxide and it is a lease system.
8 He noted that the ACSA does not own the tank or the chemical feed pumps
9 that are part of the system. Ms. Swanson asked when this was done. Mr.
10 Lynn replied that it was done right after the pump station went online in
11 2012. Mr. Parcels asked if any of the information like pump rate or tank
12 volume is part of the ACSA's SCADA system. Mr. Morrison stated that they
13 have that in the SCADA system for the sewer but not the bioxide. He
14 mentioned that they do receive a monthly report from the contractor that
15 oversees the system. He added that they also have hydrogen sulfide
16 sensors downstream of the pump station that they use to determine the feed
17 rates.

18 Mr. Lunsford stated that the next slide was a picture of the ACSA
19 staff at the annual holiday luncheon last month. He stated that none of what
20 has been mentioned today would be possible without this group of people.
21 He stated that they are a dedicated team of professionals that take on an
22 incredible amount of responsibility to ensure customers are served well. He
23 mentioned that he has personally witnessed sacrifices from these
24 employees on many different projects, including working nights, weekends,
25 and holidays. He stated that the team readily and happily serves the
26 community. Mr. Parcels stated that the ACSA Lead Team should be
27 commended as well, and he appreciates the leadership that they show.

28 Mr. Lunsford stated that the last few slides were pictures of some
29 major projects. He stated that the Avon Operations Center is making
30 significant progress, and they hope to open it at the end of the calendar
31 year. He stated that he wanted to thank Alex Morrison, John Anderson, and

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1 April Walker and her team. He stated that the next photo was of the
2 Briarwood Water Main Replacement project, where they are replacing some
3 of the aged pipe that has a tendency to fail. He noted that the Broadway
4 Street Water Main Replacement project was finished in November of last
5 year and was another successful project. He stated that the Old Lynchburg
6 Road Water Interconnect project was one he indirectly mentioned earlier
7 with regard to collaboration with VDOT. He noted that this project required
8 a lot of night work and the weather turned particularly nasty right as the
9 project began.

10 Mr. Lunsford stated that the ACSA has appreciated the support of
11 the Board over the last year. He stated that they look forward to the
12 opportunity to keep improving and continuing their efforts related to the
13 Strategic Plan. He stated that this is an exciting time with some interesting
14 projects on the horizon. He stated that the new Customer Information
15 System (CIS) is going to be transformative. He noted that Mr. Tolbert was
16 a major driver of that. He stated that he was often frustrated with the current
17 system and wanted them to make improvements. He stated that he is sorry
18 that he will not be able to see it, but they will keep his spirit and thoughts in
19 mind as they work toward that goal.

20

21 11. Items Not on the Agenda

22 There were no items not on the agenda.

23

24 12. Adjourn

25 ***There being no further business, Ms. Swanson moved that the***
26 ***meeting be adjourned, seconded by Ms. Palmer. All members voted***
27 ***aye.***

28

29

Quin Lunsford, Secretary-Treasurer